



A subsidiary of
United Industrial Corporation

ASC/YWK

**AAI/Engineering
Support Inc.**

P. O. BOX 1108 • HUNT VALLEY, MD 21030-1108

in Reply Please Refer to:
905-12983/CM-220

September 23, 1999

Department of the Air Force
ASC/YWMA (C- 17 MTS 99-025)
Attention: Ms.Rebecca Novak
2240 B Street, Room 23 1
Wright-Patterson AFB, OH 45433-711 1

Subject: Alternative Dispute Resolution (ADR) Process

Reference: (1) Contract F33657-97-C-2009 (C-17 MTS)
(2) Your Letter dated 8 September 1999

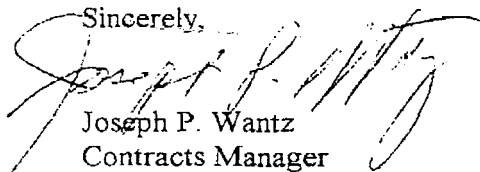
Dear Ms. Novak:

AAI Engineering Support, Incorporated (AAI ESI) has reviewed your proposed ADR Memorandum of Agreement and we find it acceptable. Enclosed is the fully executed Memorandum of Agreement for your files.

We regret that we were unable to return this document to you by the requested date of 22 September 1999; as you know, Hurricane Floyd presented an unexpected disruption of our operations.

If you have any questions, please call me at (410) 667-7180

Sincerely,

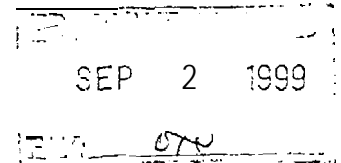


Joseph P. Wantz
Contracts Manager

Enclosure

phone: 410-667-7170
: 410-667-7196
ress Deliveries:
Engineering Support, Inc
Clubhouse Road
t Valley, MD 21031-1305

ISO 9001 Certified



MEMORANDUM OF AGREEMENT

CONCERNING USE OF ALTERNATIVE DISPUTE RESOLUTION PROCESS

The Department of the Air Force (Aeronautical Systems Center/YWMA) and AAI Engineering Support Inc. (ESI) share a mutual objective to supply America's war-fighters with technologically advanced and reliable equipment in a timely manner to promote swift, safe and successful accomplishment of the national defense mission. Drawn out litigation consumes resources and funds, detracting from this mission accomplishment. We recognize that for many business disputes there is a less expensive, more effective method of resolution than the traditional lawsuit. Alternative Dispute Resolution (ADR) procedures involve collaborative techniques which can often spare the Air Force and AAI ESI the high cost and wear and tear of litigation.

In recognition of the foregoing, we confirm our mutual commitment to use of ADR processes in accordance with the following principles:


- Conduct our existing and prospective future business in a manner that will avoid or minimize disputes.
- Following contract/modification award, all ASC/YWMA C-17MTS Integrated Product Team (IPT) and AAI ESI teams are encouraged to jointly review a particular contract's/modification's goals and objectives and identify all potential obstacles to its timely and effective completion. The team will periodically assess progress and success in overcoming these obstacles.
- Resolve all contractual issues in controversy at the program/contract execution level whenever possible, recognizing that the best knowledge of the issues involved is generally at the program level, and that resolution of problems at the contract execution level fosters teamwork in pursuing mutually satisfactory solutions.
- In the event an issue in controversy cannot be resolved through contracting officer negotiations, ADR, which involves various collaborative techniques to facilitate resolution, will be considered to settle the dispute in lieu of litigation.
- Air Force and AAI ESI management will be advised in a timely manner of any failure to make satisfactory progress in a dispute resolution at the contract execution level and will work together to either achieve settlement or to support use of ADR, where appropriate.
- Specific ADR collaborative techniques, timelines and identification of neutrals appropriate to the issues in controversy will be mutually agreed to in writing before the ADR process begins.

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- If it is necessary for the parties to protect information during the ADR process, the parties will enter into a confidentiality agreement to maintain such information in confidence to the extent permitted by law,

- It is not the intention of the parties to alter, supplement or deviate from the contract and the legal rights and obligations of the parties set forth therein. Any changes to the contract must be executed in writing by authorized contracting officials.

- In the event the ADR process does not produce results satisfactory for either party or if either party believes the issue in controversy is not suitable for ADR techniques, the dispute resolution process set forth in the Contract Disputes Act of 1978 (as set forth in FAR Clause 52.233-1) shall be followed.



GLORIA J. EDWARDS
C-17MTS Program Manager

8 Sep 99


Date



REBECCA S. NOVAK
Contracting Officer

08 Sep 99

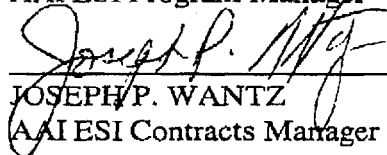
Date



MICHAEL A. BODEN
AAI ESI Program Manager

20 SEP 99

Date



JOSEPH P. WANTZ
AAI ESI Contracts Manager

23 SEP 99

Date

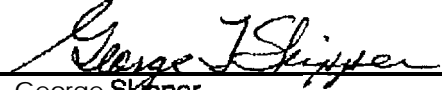
C-17 Aircrew Training Systems Program

**Alternative Dispute Resolution
Memorandum of Agreement
Between
The Department of the Air Force
and
The Boeing Company**


1. The Department of the Air Force (Air force), and The Boeing Company (collectively the Parties) have entered into contracts F33657-88-C-0029 and F33657-98-D-2030 0002 to acquire C-17 Aircrew Training Systems. These contracts contain the "Disputes" clause (52.233-1) to implement the contract Disputes Act of 1978. However, as contemplated by FAR 33.214, the parties also recognize that Alternative Dispute Resolution (ADR) procedures involving collaborative techniques may be used as an alternative to Disputes Clause procedures in order to avoid the disruption and high cost of litigation which detracts from mission accomplishment.
2. The Parties agree that they will try to resolve all issues in controversy arising under or related to the contracts by negotiation and mutual agreement at the contracting officer's level. If these negotiations are unsuccessful, the parties agree to consider use of one or more of the ADR processes contemplated by FAR 33.2 to reduce or eliminate the need for litigation. The Parties further agree that, depending on the facts and circumstances of each case, an ADR process must be structured to allow sufficient time to exchange and analyze any information necessary to obtain and justify settlement.
3. Consistent with FAR 33.214, in cases where the parties decide to use ADR, the parties will prepare and agree to a specific, written ADR agreement appropriate to the controversy, before the ADR process begins. The agreement should normally address the following (as appropriate): authorized representatives for each party, ADR techniques and processes to be utilized and procedures to be followed; methods for the exchange of information; a schedule and procedures for any discovery proceedings, including how to submit discovery/factual exchange; appointment and payment of neutrals; possible audit requirements to justify a settlement; confidentiality; at what point the parties will begin negotiations; and a provision for termination of the agreement.
4. The decision to use ADR is mutual between the Government and the contractor. If the contracting officer rejects a contractor's request to use ADR proceedings, the contracting officer shall provide the contractor a written explanation citing one or more of the conditions in 5 U.S.C. 572(b) or such other specific reasons that ADR procedures are inappropriate for the resolution of the dispute. See 41 U.S.C. 605(e) and FAR 33.214(b). In any case where a contractor rejects the government's request to use ADR proceedings, the contractor shall inform the agency in writing of the contractor's specific reasons for rejecting the request.

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5. It is not the intent of the parties that this agreement alter, supplement or deviate from the **terms and conditions** of any contracts between the parties, or the legal rights and obligations of the parties set forth therein. Any changes to these contracts must be executed in writing by authorized contracting officials.
6. In the event either party believes a particular ADR proceeding is not well-suited to ADR, or is dissatisfied with progress being made in a particular **ADR** proceeding, that party may elect to abandon the ADR process and proceed as otherwise provided under contract, regulation or statute. Nothing in this Agreement shall be deemed to prevent either party from preserving and exercising its legal rights and remedies during the ADR process.


George Skipper
USAF Program Manager
C-17 Aircrew Training Systems

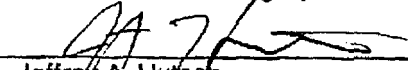
9/28/99
Date


Susan Strauser
Contracting Officer
C-17 Aircrew Training Systems

9/28/99
Date


Thomas W. James
Boeing Program Manager
C-17 Aircrew Training Systems

9, 21, '99
Date


Jeffrey A. Hutson
Boeing Contracts and Pricing
C-17 Aircrew Training Systems

9/20/99
Date

Goetz, David C.

ASC/YWK

To: Hatfield, Donna L.
cc: Cole, Joan R.
Subject: FW: ADR Agreement
Importance: High

---Original Message---

From: Miner, Bernie [mailto:bernie.miner@lmco.com]
Sent: Wednesday, September 01, 1997 3:33 AM
To: Goetz, David
Subject: ADR Agreement

Dave: Lockheed Martin Integrated Systems, Inc. concurs the "Overarching Principles Between the Department of the Air Force and Lockheed Martin Corporation Concerning Use of Alternate Dispute Resolution Processes is appropriate and applicable to the F-16 MTC effort, Contract F33657-99-D-2025. Thanks. Bernie

LISTED ON SAF/AQ

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